



Oregon

Kate Brown, Governor

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RE: Testimony in support of HB 2447

Chair Nathanson, Vice Chair Pham and Members of the Committee:

Oregon Parks and Recreation Department (OPRD) requests your support on HB 2447 that extends the Special Assessment for Historic Properties through July 1, 2028. It is currently set to sunset on July 1, 2022.

While OPRD supports HB 2447 as written, we would prefer it be amended to increase program efficiencies, improve access, and help main street and small business in preservation and rehabilitation at a time they are most in need.

The Special Assessment for Historic Properties is currently the only state historic preservation tax incentive program. The program, began in 1975 as the nation's first state-level historic preservation tax incentive, has adjusted and evolved since then to deal with changing laws and political realities. In 2019, a short extension of the sunset passed to allow OPRD to evaluate the program and make recommendations for its future direction. The amendment proposal reflects findings of where the program is effective, improves administrative functionality and eliminates portions that no longer serve their intended purpose.

The program remains extremely useful for commercial rehabilitations, linking smoothly with the federal historic tax credits for leverage, and causing reinvestment to happen where it otherwise would not have occurred. This program can be utilized to enable repairs including bringing historic buildings into ADA compliance, seismic improvements and energy and water conservation. This singular statewide opportunity for reinvestment in Oregon's historic buildings continues under HB 2447, which we strongly support. The proposed amendment would continue the special assessment program for commercial, income-producing properties only, with the same extension date of 2028.

The amendment proposal also makes a number of program improvements to ease administration of the program and provide clarity for participants. Administrative changes include: eliminating the Historic Assessment Review Committee and directing any appeals through a contested case process; clarification around the date of application; and allowing commercial properties to re-enroll in the program for additional 10-year terms after having their Maximum Assessed Value (MAV) reset.

The biggest change to the program under the proposed amendment would be elimination of the residential portion of the program. For residential participants, the special assessment program has not been as successful. In the 1990s, Measures 5 and 50 ushered in controls on tax rates and caps on assessed value, directly affecting how Special Assessment was calculated, diminishing its impact, and

creating unpredictability around the actual benefit to property owners. For residential homeowners who typically do not have professional consultants to assist, it is difficult to realize the responsibilities of the program or predict the end benefit. In some cases, owners of specially assessed properties have seen, at the end of their benefit term, property tax increases well beyond the three-percent cap allowed under a normal tax assessment.

Equally compelling, from the agency perspective, is the reality that the program is not reaching the residential historic property owners in rural communities who need assistance for smaller but critical projects. These are owners who do not have the upfront cash required by the Special Assessment program or the volume of work to meet the 10% threshold. These are owners who have deteriorated porches, roofs, foundations, siding, or windows – projects that would not trigger a re-assessment anyway, but that threaten their ability to maintain, and ultimately to remain in, their historic houses. Special Assessment is an important tool, and the only preservation incentive the state currently offers. Unfortunately, the residential portion of the program is not meeting the state’s high standards for inclusion and accessibility.

OPRD would appreciate your support in moving forward with this important change in the Special Assessment for Historic Properties to preserve the portion of the program that is most effective. We look forward to working with stakeholders to develop alternative programs that can be better targeted to the needs of residential homeowners. Having said that, we want to be clear that the agency supports HB 2447 with or without an amendment. Continuation of the Special Assessment of Historic Properties program is an important tool for historic preservation in Oregon.